



PRESS RELEASE

## Candriam presents the first results of its Facial Recognition Technology Engagement Initiative

- Led by Candriam, 21 investors, including Aviva Investors, Domini Impact Investments LLC and Robeco, have accelerated an engagement initiative to address the risks raised by facial recognition technology 'FRT'
- Findings highlight only 4 out of 15 companies include FRT in their human rights policies
- Initiative urges companies to pause sales to law enforcement agencies until proper regulation is in place

**London, 3 October 2022** - Candriam, a global sustainable and multi-asset focused investment manager, has published [a one year update](#) on its [facial recognition technology \(FRT\) investor initiative](#), detailing engagement undertaken to address the human rights risks posed by the technology. Candriam, along with 20 other investors, including Aviva Investors, Domini Impact Investments LLC and Robeco, surveyed 15 companies involved in FRT to understand how these companies assess, manage, and mitigate human right risks.

The report raised four key areas of concern: the potential risk of racial and gender bias; the technology's questionable accuracy; privacy concerns; and misuse.

Some of the main takeaways:

- Regulation is struggling to keep up with technology. It is therefore essential for companies to think beyond what is legal and focus on what is ethical. Companies that talk openly about the ethics of artificial technology 'AI' and a responsible approach to FRT is a positive sign of care and consideration and is usually evident across the entire operations of a company.
- Companies should have governance in place specific to human right risks and should publish a detailed human right policy with references to how it uses AI and FRT.
- Categorisation-enabling technology introduces too many potential discriminations and human right violations and should be avoided at all costs.
- Companies are encouraged to avoid sales of FRT to law enforcement agencies until adequate regulation is in place.
- FRT should focus on supporting humans to process identification and authentication. Human oversight and monitoring are essential. An algorithm should not make a decision that can lead to a consequential action.

Three companies that stood out for their efforts to mitigate human rights risks within their use of AI and FRT were Microsoft, Motorola Solutions and Thales:

- **Microsoft** has put in place strong governance around the ethics of AI and specifically FRT and has recently retired facial classification capabilities. In addition, Microsoft is one of the first technology companies to put a moratorium on the sale of FRT to law enforcement.
- **Motorola** emphasises that FRT should assist humans rather make consequential decisions and has built two-factor authentication into their technology.
- **Thales** FRT assisted passport control requires stringent monitoring and makes a point of destroying user data after each passage.

This update follows the successful launch of Candriam's FRT campaign [in March 2021](#) and the subsequent signing of the Investor Statement on Facial Recognition by 55 global investors [in June 2021](#). Following this report, Candriam will lead discussions with each company on how they can implement the suggested best practices into their business operations. The outcome of this second round of engagement should be released in 2023.

Candriam has also joined the recently launched [Collective Impact Coalition \(CIC\) for Digital Inclusion](#), led by the World Benchmarking Alliance, to promote the responsible use of AI.

**Commenting on the report, Benjamin Chekroun, Proxy Voting and Engagement analyst at CANDRIAM said:** "The fast pace at which facial recognition technology is evolving, and the delay in regulating the technology, means that greater oversight and understanding of companies involved in this space is now a human rights imperative. As responsible investors in the technology sector, we have an important role to play in encouraging investee companies to identify, manage and mitigate human rights risks in their use of AI and FRT. We hope our report and its findings will be a catalyst for companies to address human rights due diligence and oversight by prompting them to look up, take notice and tackle the risks posed by FRT."

**Louise Piffaut, Senior ESG analyst from Aviva Investors added:** "At Aviva Investors, we are pleased to see this interim report, which is an important milestone for this collaborative initiative. With regulation remaining limited in the technology sector, companies are not yet taking full account of their responsibilities in managing the societal impacts of FRT, depending on where in the value chain they are involved. Investors have an important role to play in pointing to best practice and engaging with companies on the issue".

Please find the full research report [here](#).

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## About Candriam

Candriam stands for "Conviction **AND** Responsibility In Asset Management" and is a European multi-specialist asset manager. A pioneer and leader in sustainable investments since 1996, Candriam manages around EUR 143 billion of assets under management<sup>1</sup> with a team of more than 600 professionals. It operates management offices in Luxembourg, Brussels, Paris, and London, and has client representatives in more than 20 countries throughout continental Europe, the United Kingdom, the United States, and the Middle East. Candriam offers investment solutions<sup>2</sup> in several key areas: bonds, equities, absolute performance strategies, and asset allocation, with a broad and innovative range of ESG strategies covering all its asset classes.

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<sup>1</sup> As of 30 June 2022. Assets under management (AUM) includes assets which do not fall within the U.S. Securities and Exchange Commission's definition of 'regulatory AUM' in Form ADV, Part 1A.

<sup>2</sup> Not all products and services are available to all investors or in all regions.

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<sup>3</sup> New York Life Investments is a service mark used by New York Life Investment Management Holdings LLC and its subsidiary New York Life Investment Management LLC. Both are wholly owned indirect subsidiaries of New York Life Insurance Company.

<sup>4</sup> Source: New York Life Investments ranked 27th among the world's largest money managers within Pensions & Investments, June 2022. Rankings are based on total worldwide institutional assets under management for the year-end 2021. New York Life Investments assets include assets of affiliated investment advisors.